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SAPC-23599  
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20 January 1958

MEMORANDUM FOR THE RECORD

SUBJECT: Concurrence in Amendment No. 1 to Contract No.  
OS-100 with Hycon Mfg. Company, Pasadena, Calif.,  
Project [REDACTED]

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1. This memorandum contains a recommendation submitted for approval of the Project Director. Such recommendation is set forth in Paragraph 8.
2. Contract No. OS-100 provides for the furnishing overseas of Non-Personal contract Technical Services Personnel who were trained under Contract No. FS-99.
3. Amendment No. 1 establishes a redetermined price of \$409,080.28, exclusive of accrued overseas differentials earned and applicable G&A, which the Contracting Officer feels is fair and reasonable for work performed from inception (1 April 1956) through 30 June 1957. Details concerning this settlement are in the attached Memoranda For the Record (SAPC-22951 and SAPC-23440).
4. Inasmuch as audit and settlement was not effected on a fiscal year basis we have, at the suggestion of the Project Comptroller, prorated the total settlement amount on a percentage basis. This percentage basis was arrived at by using the amounts claimed by the Contractor for each fiscal year against his total claim. This amounts to 9.2746% for Fiscal Year 1956 or \$37,940.56, the fixed amount for the period 1 April 1956 through 30 June 1956, and 90.7254% for Fiscal Year 1957 or \$371,139.72, the fixed amount for the period 1 July 1956 through 30 June 1957.
5. There was not included in the original obligation nor in the settlement an amount for overseas differential. Payment of the overseas differential is effected by the Company at the completion of a tour of duty of the employee. The Project Comptroller has advised that accounting-wise funds must be obligated by Fiscal Year to cover the accrued amounts. The Contractor has advised the accrued amounts plus the applicable G&A rates are as follows:

| <u>Period</u>               | <u>Amount</u>      |
|-----------------------------|--------------------|
| 1 April 1956 - 30 June 1956 | \$ 2,397.69        |
| 1 July 1956 - 30 June 1957  | 29,744.53          |
|                             | <u>\$32,142.22</u> |

The Contractor used an adjusted G&A rate of 11.4489304%. The Amendment provides that the above amounts are subject to audit.

6. Obligations under this contract as a result of this settlement should be liquidated as follows:

| <u>Amount<br/>Obligated</u> | <u>Fiscal<br/>Year</u> | <u>Fixed<br/>Amount</u> | <u>Amount to<br/>be liquidated</u> |
|-----------------------------|------------------------|-------------------------|------------------------------------|
| \$ 45,000*                  | 1956                   | \$ 40,338.25            | \$ 4,661.75                        |
| 403,119.10                  | 1957                   | 400,884.25              | 2,234.85                           |
| <u>\$448,119.10</u>         |                        | <u>\$441,222.50</u>     | <u>\$ 6,896.60</u>                 |

\* Even though the definitive contract stated that only \$41,209.91 was available, the \$45,000 obligation was not decreased by the difference of \$3790.09 as it was deemed advisable to retain this amount to cover the accrued overseas differential amounts when known.

7. Certification of funds for this contract will be handled under the procedure approved by the Director of Central Intelligence on 15 December 1956, which in effect results in all 10(b) expenses involving issuance of Treasury Checks being accumulated in a separate account within the Finance Division. The amounts in this account will be periodically scheduled for certification of the vouchers by the Director. This procedure eliminates the necessity for a separate certification of authority under Section 10(b) of Public Law 110, 81st Congress, for each contract.

8. Approval of Amendment No. 1 to Contract No. OS-100 and execution thereof on behalf of the Agency by the authorized Project Contracting Officer is recommended.

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Project Contracting Officer

CONCURRENCES:

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Project Director of D & P

Approval requested in  
paragraph 8, granted.

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Project Comptroller

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Project Director

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Office of General Counsel

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